

February 21, 1977

RECORDATION NO. 8711-A

FEB 28 1977 - 9 35 AM

RECEIVED

Interstate Commerce Commission
12th and Constitution Avenue, Northwest
Room 1227
Washington, D. C. 20423

FEB 28 9 31 AM '77
I. C. C.
FEE OPERATION BR.

Attn: Mrs. Lee

Dear Mrs. Lee:

Enclosed is a Security Agreement which I would appreciate your assistance in recording. The Agreement creates a mortgage in certain railroad boxcars as more fully described herein.

Mortgagor:

Ellis Eugene Spratlin
125 North Cedar Street
McDonough, Georgia 30253

Mortgagee:

Citizens & Southern Bank of
Henry County
P. O. Box 779
McDonough, Georgia 30253

The equipment covered by the document is as follows: ten (10) rigid underframe 70-ton XF railroad freight boxcars having serial numbers VC9144 to VC9153, inclusive.

I have enclosed a check in the amount of fifty (\$50.00) dollars to cover the filing costs.

After recording, the original documents should be returned to:

A. R. Neal, Esq.
Peterson & Young
400 Colony Square, Suite 525
Atlanta, Georgia 30361

Your assistance in this matter is greatly appreciated.

Very truly yours,

CITIZENS & SOUTHERN BANK OF
HENRY COUNTY

BY: Edward J. Korb
Edward J. Korb, President

EJK:skk

Enclosure

7-059A020

FEB 28 1977
Date
Fee \$ 50.00

ICC Washington, D. C.

STATE OF GEORGIA

COUNTY OF FULTON

RECORDATION NO. 8711-A Filed & Recorded

FEB 22 1977 -9 35 AM

LOAN AND SECURITY AGREEMENT INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT is made and entered into as of this 21st day of February, 1977, by and between CITIZENS & SOUTHERN BANK OF HENRY COUNTY, McDonough, Georgia 30253 (hereinafter referred to as the "Bank") and ELLIS EUGENE SPRATLIN who resides at 125 North Cedar Street, P. O. Box 956, McDonough, Georgia 30253 (hereinafter referred to as the "Borrower").

W I T N E S S E T H :

WHEREAS, Borrower is the owner of ten (10) railroad boxcars; and

WHEREAS, Borrower desires to borrow from Bank for various personal purposes the sum of TWO HUNDRED FIFTY ONE THOUSAND TWO HUNDRED DOLLARS (\$251,200) (hereinafter referred to as the "Loan") on the terms and conditions hereinafter set forth; and

WHEREAS, Borrower desires that said Loan, and any and all indebtedness or "Liabilities" (as defined in Section 2 of this Agreement) of the Borrower now or hereafter owing to the Bank be secured by the Boxcars and other collateral hereinafter specified,

NOW, THEREFORE, for and in consideration of the Loan to be made by the Bank to the Borrower, as well as the mutual promises, covenants, warranties and representations herein made by the parties, the Bank and Borrower agree as follows:

1.

LOAN

1.1 Bank shall loan to Borrower the sum of TWO HUNDRED FIFTY ONE THOUSAND TWO HUNDRED (\$251,200.00) DOLLARS and Borrower shall execute and deliver to the Bank a promissory note in the principal amount of TWO HUNDRED FIFTY ONE THOUSAND TWO HUNDRED (\$251,200.00) DOLLARS in the form attached hereto as Exhibit "A". (Said note, together with all extensions, renewals, consolidations, modifications and substitutions therefor are hereinafter referred to collectively as the "Note").

1.2 The Note shall bear interest at the rate of nine (9%) percent per annum.

1.3 Borrower shall make payments of principal and interest in the amount of NINE THOUSAND FIVE HUNDRED NINETY and 15/100 DOLLARS (\$9,590.15) on June 20th, 1977, September 20th, 1977, and December 20th, 1977 with the outstanding principal balance and accrued interest due thereon payable in full on March 20th, 1978.

2.

SECURITY INTEREST

2.1 To secure the full and prompt payment of the Note and any extensions, renewals or consolidations thereof, and to secure the full and prompt payment and performance of any and all other indebtedness, obligations or liabilities of Borrower to Bank of any nature whatsoever, including without limitation all of Borrower's obligations hereunder and under the Note and all other indebtedness, whether now or in the future made, however created, matured or unmatured, whether presently, heretofore or hereafter incurred, whether direct or indirect, absolute or contingent, joint or several, and (specifically including but not limited to all expenses incurred in retaking, repairing, preserving, storing or selling any of the collateral described in paragraph 2.1.1 of this Agreement), and whether as principal, maker, endorser, surety, guarantor or otherwise, which the Bank may now or hereafter have, own or hold (all of such liabilities, obligations and indebtedness together with the Note are herein called the "Liabilities") and regardless of whether such Liabilities are from time to time reduced and thereafter increased or entirely extinguished and thereafter reincurred, Borrower hereby grants and conveys to Bank a present and continuing lien upon, security interest in, and security title to the following:

2.1.1 Ten (10) 50'6" rigid underframe boxcars, serial numbers VC9144 to VC9153, inclusive, together with all accretions and additions thereto and all replacement, substituted

or additional parts, accessories, equipment, tools, fittings or supplies now or hereafter affixed to or used in connection with such boxcars (hereinafter collectively referred to as the "Collateral").

2.2 The security interest and security title to be granted by the Borrower to the Bank under the foregoing paragraph shall include a present and continuing security interest in all direct and remote proceeds of the sale or disposition of any of the Collateral; provided, however, that such grant of a security interest in proceeds shall not be construed to mean that the Bank consents to the sale or disposition of any of the Collateral.

3.

CLOSING DATE

3.1 The closing of the Loan provided for herein shall be held at the offices of Peterson & Young, 400 Colony Square, Suite 525, Atlanta, Georgia 30361 on February 21, 1977 at such time as the Bank shall designate (herein called the "Closing Date").

4.

REPRESENTATIONS AND WARRANTIES

In order to induce Bank to enter into this Agreement the Borrower represents, warrants and covenants the following as of the Closing Date and at each date thereafter on which the Bank makes a loan or advance to the Borrower:

4.1 No representation, warranty or covenant contained in this Loan and Security Agreement or in any written statement delivered to the Bank pursuant thereto or in connection with the Note and other instruments contemplated hereby contains or shall contain any untrue statement as of the date made nor shall such representations, warranties and covenants omit any statement necessary in order to make any statement not misleading as of the date made.

4.2 As of the Closing Date, the Borrower shall have good and marketable title to the Collateral and thereafter shall, except as the Bank may otherwise expressly consent in writing, maintain good

and marketable title to the Collateral free and clear of any and all security interests, assignments, liens, pledges, changes, mortgages, encumbrances or adverse claims whatsoever and at no time shall the Borrower sell, lease or otherwise dispose of the Collateral without the prior written consent of the Bank.

4.3 The execution of this Agreement will not result in a breach or default under any other agreement or contract to which Borrower is a party.

4.4 Borrower shall execute such deeds and bills of sale to secure debt and such assignments, security agreements, chattel paper and other instruments and documents as the Bank may require from time to time, in order that the Bank might perfect the security interests granted or obtain additional security interests.

4.4.1 Borrower shall join with Bank in executing any and all financing statements and Interstate Commerce Commission filings with respect to the Liabilities.

4.4.2 No financing statement or other filing (other than by Bank or with Bank's written consent) pertaining to said Liabilities is now or will be hereafter on file at any public office. Bank is hereby appointed Borrower's attorney in fact to do, at Borrower's expense, all acts and things which Bank may deem necessary to perfect the security interest created by this Agreement, to obtain possession of and to protect the Collateral from liabilities. The power of attorney hereby created is a power coupled with an interest.

4.5 Borrower shall keep the Collateral insured in such companies, in such amounts, and against such risks as shall be acceptable to Bank, with satisfactory loss payable clauses in favor of Bank. Borrower shall provide Bank with certificates of insurance as evidence of the insurance obtained pursuant to this paragraph.

4.5.1 If Borrower fails to maintain satisfactory insurance, Bank shall have the option so to do and Borrower agrees to repay, with nine (9%) percent interest, all amounts so expended by Bank.

4.6 Borrower shall not permit the Collateral to become a fixture by attachment to real property.

4.7 Borrower shall maintain the Collateral in good condition and will pay promptly all taxes, levies, and encumbrances and all repair, maintenance, and preservation costs pertaining to the Collateral. If Borrower fails to do so, Bank shall have the option to pay the same and Borrower agrees to repay, with nine (9%) percent interest, all amounts so expended by Bank.

4.8 Borrower agrees to pay to Bank all expenses, including attorney's fees of fifteen (15%) percent and cost of suit, incurred by Bank in protecting or enforcing its rights in the Collateral. After deducting all such expenses, the residue of any proceeds of sale or other disposition of the Collateral shall be applied on the Liabilities in such order of preference as Bank shall determine. Any excess, to the extent permitted by law, shall be paid to Borrower, who shall be liable for any deficiency.

4.9 Borrower shall not permit the use of the Collateral in violation of any statute, ordinance or policy of insurance.

4.10 No injury to, or loss or destruction of the Collateral, shall relieve Borrower from any obligation hereunder.

5.

EVENTS OF DEFAULT

The occurrence of any of the following shall constitute an event of default hereunder:

5.1 Nonpayment, when due, of any amount payable on any of the Liabilities, whether at maturity or by acceleration or otherwise.

5.2 Failure of Borrower to perform, observe or comply with any of the representations, warranties, covenants, agreements or undertakings of Borrower contained herein or in the Note or in any agreement with respect to the Liabilities.

5.3 If any statement, representation, warranty or covenant of Borrower herein or in any other writing at any time furnished by or on behalf of the Borrower to the Bank is untrue, or is

misleading or incomplete in any material respect as of the date made.

5.4 Any event of default occurring under the terms of any other document given in connection with this Loan and Security Agreement or the Liabilities.

5.5 Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.

5.6 Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or any guarantor or surety for Borrower hereunder.

5.7 If Bank at any time deems itself insecure with respect to the indebtedness secured hereby.

6.

BANK'S RIGHTS ON DEFAULT

6.1 In the event of a default hereunder, any and all the Liabilities then owing to the Bank by the Borrower may (notwithstanding any provisions thereof), at the option of the Bank, immediately be declared due and payable forthwith, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower, whereupon the same shall become and be due and payable, and any obligation on the part of the Bank to lend or advance funds or renew any indebtedness hereunder shall be terminated.

6.2 In the event that any part of the indebtedness secured hereby is collected by law or through an attorney at law there shall be charged reasonable costs of collection, including attorney's fees of fifteen (15%) percent.

6.3 Bank shall have the remedies of a secured party under the laws of the State of Georgia including, without limitation thereto, the right to take possession of the Collateral, and for

that purpose the Bank may, so far as Borrower can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom.

6.3.1 Bank may require Borrower to make the Collateral available to the Bank at a place to be designated by Bank which is reasonably convenient to both parties.

6.3.2 Upon taking possession of all or any part of the Collateral, the Bank shall have the right to sell and deliver in one or more sales all or any part of the Collateral at public or private sale, at any time after giving Borrower or such other person entitled thereto notification thereof at least ten (10) days before the sale or disposition of the Collateral.

6.4 Borrower hereby authorizes Bank to continue operation of the Collateral in order to repay the amounts due hereunder. In the event that Bank should take action to continue operation of the Collateral, all expenses of such action shall be deemed future advances under this Agreement and shall be secured hereby and shall be the responsibility of the Borrower.

6.5 Upon the occurrence of any event of default, the Bank may seek whatever remedies are provided for in this agreement, any other collateral documents given hereunder, and such additional remedies and exercise such other rights as law and equity shall allow. The remedies herein conferred upon the Bank are not intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

7.

DEFINITIONS

For the purpose of this Loan Agreement, unless the context otherwise requires:

7.1 The term "person" shall include natural persons, corporations, associations, companies and partnerships.

7.2 Each accounting or financial term herein shall have the meaning given to it under generally accepted accounting principles applied on a consistent basis.

7.3 The term "Bank" shall include Bank's successors and assigns.

8.

BINDING AGREEMENT

8.1 This Loan Agreement shall be binding upon Borrower and Bank, their successors and assigns and upon Borrower's heirs, executors and administrators, and shall not be subject to amendment or modification except by an instrument in writing signed by the duly authorized officers of Bank and by Borrower.

MODIFICATION AND WAIVER

9.1 The failure, acquiescence or delay of Bank at any time to enforce any of its rights or to require performance by Borrower of any provision hereof shall in no way affect the full right to enforce such rights or require such performance at any time thereafter.

9.2 A waiver by Bank of a breach of any provision hereof shall not be taken or held to be a waiver of a succeeding breach of such provision, or as a waiver of the continuance of such breach or as a waiver of the provision itself.

9.3 No modification or waiver of any provision hereof or of the Note shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

10.

NOTICE

10.1 All communications provided for herein shall be delivered in person or mailed, registered or certified mail, return receipt requested, addressed as follows:

To Borrower:

Ellis Eugene Spratlin
P. O. Box 956
McDonough, Georgia 30253

To Bank:

Citizens & Southern Bank of Henry County
P. O. Box 776
McDonough, Georgia 30253
Attn: Edward J. Korb

Or at such other place or places as either party may from time to time designate in writing to the other. Mailed notices shall be effective on the date the person to whom the notice is given signs or refuses to sign the postal receipt for the notice. Delivered notices shall be effective on the date of tender of delivery.

11.

MISCELLANEOUS

11.1 Time is of the essence of this Loan and Security Agreement.

11.2 All covenants, representations, and warranties made herein shall survive the closing hereof, the making of the loan hereunder and delivery of the Note and other instruments and documents given in connection with this Loan and Security Agreement and are in addition to the covenants, warranties, and representations made in the collateral documents executed by the Borrower in connection with this Loan and Security Agreement.

11.3 This Loan and Security Agreement supersedes all prior discussions and agreements between the Borrower and the Bank with respect to the loan provided for herein and together with the exhibits attached hereto constitutes the sole and entire agreement between the parties.

11.4 Borrower shall pay all out-of-pocket expenses incurred by Bank in connection with the preparation of this Loan and Security Agreement, including attorneys' fees, the making of the loan and the enforcement of the rights of Bank in connection herewith, whether or not the transaction hereby contemplated shall be consummated.

11.5 This Loan and Security Agreement shall be executed in three counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

11.6 If any provision of this Agreement shall contravene or be held invalid under any state or federal law or municipal ordinance, such invalidity shall not affect the whole Agreement, which thereafter shall be construed as not containing the particular part, term or provision held to be invalid.

11.7 This Agreement, having been made and delivered in the State of Georgia, shall be governed by and interpreted in accordance with the laws of such state in effect on the date hereof.

IN WITNESS WHEREOF, Borrower and Bank have caused this Loan and Security Agreement to be executed and sealed on the day and year first above written.

BORROWER:

[Signature]
Witness

[Signature]
Ellis Eugene Spratlin

Acknowledgement:

STATE OF GEORGIA

COUNTY OF HENRY

On this 21st day of February, 1977 before me personally appeared Ellis Eugene Spratlin, known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

[Signature]
Notary Public

My commission expires: 5-23-80

BANK:

Citizens & Southern Bank of Henry County

ATTEST:

[Signature] (SEAL)
Secretary

BY: [Signature]
Edward J. Korb, President

Acknowledgement:

STATE OF GEORGIA

COUNTY OF HENRY

On this 21st day of February, 1977 before me appeared Edward J. Korb, to me personally known, who being by me duly sworn, says that he is the president of the Citizens & Southern Bank of Henry County, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
Notary Public

My commission expires: 5-23-80

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AFTER DATE, THE UNDERSIGNED PROMISES

TO PAY TO THE ORDER OF

(HEREAFTER, TOGETHER WITH ANY HOLDER HEREOF, CALLED "HOLDER"), AT _____, GEORGIA,
OR AT SUCH OTHER PLACE AS THE HOLDER MAY DESIGNATE AND NOTIFY UNDERSIGNED.

DOLLARS

with interest from date until paid in full at the rate of _____ per cent (____%) per annum, together with all costs of collection, including fifteen per cent (15%) of the principal and interest as attorney's fees if collected by law or through an attorney at law.

The term "Collateral" as used herein, shall mean the following property which has been or is hereby delivered, pledged, assigned, conveyed and transferred to the Holder:

together with any and all balances, credits, deposits, accounts, items and monies of the undersigned now or hereafter with the Holder, which balances and the like undersigned hereby conveys and transfers to Holder, and together with any and all other property of the undersigned of every kind or description now or hereafter in the possession or control of the Holder for any reason, including all dividends and distributions on or other rights in connection with any property hereinabove referred to. Undersigned hereby warrants that sole and lawful ownership of Collateral is in the undersigned with full power and authority to transfer, convey and encumber.

The undersigned agrees that the Holder shall have a lien upon, security title to and a security interest in the Collateral to secure the payment of this Note and all other indebtedness or liability of the undersigned to Holder, however and whenever incurred or evidenced, whether direct or indirect, absolute or contingent, or due or to become due (hereafter with this Note collectively called "Liabilities"). The surrender of this Note upon payment or otherwise shall not affect the right of the Holder to retain the Collateral for any other Liabilities. The Holder shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Holder takes such action for that purpose as the undersigned shall request in writing, but failure of the Holder to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Holder to preserve or protect any rights with respect to the Collateral against prior parties, or to do any act with respect to preservation of the Collateral not so requested by the undersigned, shall be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral.

In addition to all other rights possessed by it, the Holder, from time to time, whether before or after any of the Liabilities shall become due and payable, may (a) transfer all or any part of the Collateral into the name of the Holder or its nominee, with or without disclosing that such Collateral is subject to the lien, security title and security interest hereunder; (b) notify the parties obligated on any of the Collateral to make payment to the Holder of any amounts due or to become due thereunder; (c) enforce collection of any of the Collateral by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise or extend or renew from time to time and for any period (whether or not longer than the original period) any indebtedness evidenced thereby; (d) take control of any proceeds of the Collateral; and (e) exercise such additional rights and powers, if any, with respect to any security for or guaranty of any of the Liabilities, as may be provided in any written instrument (in addition to this Note).

If at any time Collateral shall be or become unsatisfactory to the Holder, undersigned will immediately furnish such other Collateral or make such payment on account as will be satisfactory to the Holder and in case of failure so to do, or if the undersigned should become insolvent (as defined in the Uniform Commercial Code as in effect at that time in Georgia), or a petition in bankruptcy be filed by or against undersigned, or a receiver be appointed for any part of the property or assets of undersigned, or if any judgment be entered against the undersigned, or if undersigned shall fail to meet at maturity any indebtedness or liability to the Holder, or if any warranty or representation of undersigned pertaining to this credit (whether contained in this Note or not) prove untrue or misleading, or if the Holder shall feel insecure for any reason whatsoever, (1) any and all of Liabilities may, at the option of the Holder, and without demand or notice of any kind, be declared, and thereupon immediately shall become due and payable, (2) the undersigned will pay all expenses of the Holder in the collection of this Note, and in the enforcement of rights under any of the Collateral, including reasonable attorney's fees and legal expenses, (3) the Holder may exercise from time to time any rights and remedies available to Holder under the Uniform Commercial Code as in effect at that time in Georgia or otherwise available to Holder, including those available under any written instrument (in addition to this Note) relating to any of the Liabilities or any security therefor, and (4) the Holder may, at any time, without demand or notice of any kind, appropriate and apply toward the payment of such of the Liabilities, and in such order of application, as the Holder may from time to time elect, any balances, credits, deposits, accounts, items or monies of the undersigned with the Holder. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if mailed at least five days before such disposition, postage prepaid, addressed to the undersigned, either at the address shown below, or at any other address of the undersigned appearing on the records of the Holder. Any proceeds of any disposition of Collateral may be applied by the Holder to the payment of expenses in connection with the Collateral, including reasonable attorney's fees and legal expenses, and any balance of such proceeds may be applied by the Holder toward the payment of such of the Liabilities, and in such order of application, as the Holder may from time to time elect. No delay or failure on the part of the Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Holder of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

The holder shall be under no duty to exercise any or all of the rights and remedies given by this Note and no party to this instrument shall be discharged from his obligations or undertakings hereunder (a) should the Holder release or agree not to sue any person against whom the party has, to the knowledge of the Holder, a right of recourse or (b) should the Holder agree to suspend the right to enforce this Note or Holder's interest in the Collateral against such person or otherwise discharge such person. Undersigned transfers, assigns and conveys to the Holder a sufficient amount of homestead and exemption which undersigned or undersigned's family may have under or by virtue of the Constitution or laws of Georgia or any other State of the United States as against Liabilities to pay them. In case of bankruptcy, undersigned authorizes and directs the Trustee to deliver to Holder a sufficient amount of property or money claimed as exempt to pay Liabilities and the Holder is appointed attorney in fact for undersigned to claim any and all homestead exemptions allowed by law.

If more than one party shall execute this Note, the term undersigned as used herein shall mean all parties signing this Note and each of them, who shall be jointly and severally obligated hereunder.

Given under the hand and seal of each of the undersigned.

BANK USE ONLY

APPROVED BY:

O.L.D.

R.A.M.

INTEREST CHECKED BY

CREDIT LIFE INSURAN

DATE OF BIRTH OF
PERSON TO BE INSUR

DUE No. (SEAL)

ADDRESS (SEAL)

TELEPHONE (SEAL)

15-0547-0 COLLATERAL NOTE REV. 3-74

Exhibit A